

Office of the Secretary of Defense

§ 266.6

provide the results, when appropriate, to other interested organizations.

(iv) Promptly inform other affected Federal Agencies and appropriate law enforcement officials of any reported illegal acts or irregularities in accordance with requirements of OMB Circulars A-128 and A-133.

(v) Advise the recipient of audits that have been found not to have met the requirements in OMB Circulars A-128 and A-133. In such instances, the recipient will work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for followup action. Major inadequacies or repetitive sub-standard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

(vi) Coordinate, to the extent practicable, audits requested by other Federal Agencies, in addition to those required by OMB Circulars A-128 and A-133.

(vii) Ensure the resolution of audit findings and recommendations that affect DoD programs and those findings affecting programs of more than one Federal Agency. Ensure that a management decision affecting audit resolution shall be made within 6 months after receipt of the audit report.

(3) For local governments, institutions of higher education, and other nonprofit institutions for which the Department of Defense has assumed oversight responsibility, do the following:

(i) Provide technical advice and counsel through DoD Components to institutions and independent auditors when requested.

(ii) Assume all or some of the cognizant agency responsibilities (see paragraph (a)(2) of this section), as deemed necessary.

(4) For other State and local governments, institutions of higher education, and other nonprofit institutions, receive and distribute copies of single audit reports to appropriate DoD Components for appropriate action and followup by designated program officials.

(5) For audit reports that contain conditions affecting DoD programs, institute followup efforts to ensure that corrective actions have been taken by DoD organizations responsible for managing associated programs or funds.

(b) The Heads of the DoD Components shall:

(1) Designate an official to coordinate with the IG, DoD, on matters dealing with audits of financial assistance provided by the DoD Component to State and local governments, institutions of higher education, and other nonprofit institutions.

(2) Ensure input of accurate award data for Federal financial assistance to the appropriate DoD management information system.

(3) Ensure that the State or local government, institution of higher education, or other nonprofit institution takes appropriate actions to correct audit deficiencies involving financial assistance provided by the DoD Component.

(4) For State and local governments, institutions of higher education, and other nonprofit institutions for which the OMB has assigned DoD cognizance, do the following:

(i) Coordinate with the IG, DoD, on requests from other Federal Agencies for audits of State and local governments, institutions of higher education, and other nonprofit institutions, in addition to those required by OMB Circulars A-128 and A-133.

(ii) Seek the views of other interested agencies when a coordinated audit approach is to be used and before completing a coordinated program.

(iii) Help coordinate the audit work and reporting responsibilities among independent public accountants, State auditors, and both resident and non-resident Federal auditors to achieve the most cost-effective audit.

§ 266.6 Procedures.

The costs of audits made by non-Federal auditors under OMB Circulars A-128 and A-133 are allowable charges to Federal financial assistance programs. The charges may be considered as a direct cost or an allocated indirect cost in accordance with OMB Circulars A-

87, A-122 and A-21³; FAR, part 31 (48 CFR part 31); or the DFARS, part 231 (48 CFR part 231). Generally, the percentage of costs charged to Federal assistance programs for an audit shall not exceed the percentage of Federal funds expended to the total funds expended by the recipient during the fiscal year. No cost, however, may be charged to Federal programs for audits not made in accordance with OMB Circulars A-128 and A-133 and other applicable cost principles and regulations.

PART 268—COLLECTING AND REPORTING OF FOREIGN INDEBTEDNESS WITHIN THE DEPARTMENT OF DEFENSE

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AUTHORITY: Federal Claims Collection Act of 1966 (31 U.S.C. 951-953); Arms Export Control Act, sec. 23.

SOURCE: 43 FR 11196, Mar. 17, 1978, unless otherwise noted.

§ 268.1 Purpose.

This part establishes standard procedures to be used for the collecting and reporting of foreign indebtedness. Such indebtedness may arise through the (a) sale of Defense articles and services pursuant to the Arms Export Control Act; (b) operation of military missions; and (c) logistical support provided under country-to-country agreements.

§ 268.2 Applicability.

The provisions of this part apply to the Office of the Secretary of Defense, the Military Departments, and the De-

fense Agencies (hereafter referred to as "DoD Components").

§ 268.3 Policy.

It is the policy of the Department of Defense that timely and aggressive collection efforts will be conducted to assure that foreign arrearages to DoD Components are held to the absolute minimum. Foreign indebtedness will be uniformly and accurately reported to the Department of the Treasury on forms prescribed by the Treasury Fiscal Requirements Manual. The information system on the status of collection actions will support the information requirements of the National Advisory Council on International Monetary and Financial Policies (NAC).

§ 268.4 Responsibilities.

(a) The assistant Secretary of Defense (Comptroller) is the DoD point of contact for matters concerning foreign indebtedness requirements imposed on DoD from outside the Department, such as by the Congress, Treasury Department, and NAC.

(b) The Defense Security Assistance Agency (DSAA) is responsible for consolidation of feeder arrearage reports and submission of a single consolidated DoD arrearage report to the Treasury Department. The DSAA shall (1) monitor collection actions; (2) follow up when initial collection actions have been unsuccessful; and (3) serve as the focal point within DoD for responding to NAC information requests.

(c) Unless otherwise directed, the DoD Component which makes the sale, or is otherwise assigned responsibility, is responsible for taking initial collection action, accounting for indebtedness, preparation of feeder arrearage reports, and providing copies of arrearage reports to the DSAA.

§ 268.5 Collection and followup procedures.

Each DoD Component is responsible for taking timely and aggressive billing and followup collection actions for each category of indebtedness incurred by official and private obligors pursuant to authorized programs.

³See footnote 1 to § 266.1(b).